

808 KAR 1:130. Loan production offices.

RELATES TO: KRS 286.3-820

STATUTORY AUTHORITY: KRS 286.1-020(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 286.3-820 provides for the operation of a loan production office, or offices, by a bank. This administrative regulation clarifies what banking operations may or may not be conducted at a loan production office.

Section 1. A bank's board of directors may by resolution establish maximum dollar limits on the lending authority of officers located at a loan production office, and if the designated limits are consistent with bank wide limits on lending authority, the department will consider loans made by those officers under such limits to be approved at the principal office for the purpose of KRS 286.3-820(1)(a). A loan production office officer may therefore accept a loan application and act upon it without further action by the principal office.

Section 2. A bank may maintain a transaction account at the principal office into which funds representing loan proceeds earmarked for loan production office loans are deposited, and a loan production office officer may draw instruments on that account in order to disburse loan proceeds. The department then will consider funds to have been disbursed at the principal office for purposes of KRS 286.3-820(1)(a) and (b).

Section 3. Loans originated at a loan production office may be closed at that loan production office. No loan payments, whether the loan originated at the loan production office or at a main or branch bank office, or another loan production office may be received at a loan production office.

Section 4. A bank customer may receive information at the loan production office on any lending account which that customer may have with the bank whether or not the loan was originated at that loan production office. (19 Ky.R. 1271; eff. 1-4-93; TAm eff. 4-21-2007.)